

Message Text

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46

ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 TRSE-00 COME-00 CIEP-02 FRB-01

OMB-01 INRE-00 CIAE-00 INR-07 NSAE-00 SSO-00 /029 W

----- 064835

O R 141545Z APR 76

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 360

USDA IMMEDIATE

INFO AMEMBASSY LIMA

UNCLAS LA PAZ 2936

USDA FOR STEPHENS CEP/OGSM

E.O. 11652: N/A

TAGS: EAGR, US, BL

SUBJECT: CCC EXPORT CREDIT FOR BOLIVIA

REF: STATE 84099

1. GOB INTENTION IS TO IMPORT 20,000 MT OF WHEAT EACH IN MAY, JUNE, JULY AND AUGUST, FOR TOTAL OF 80,000 MT BEFORE AUGUST 31, 1976. EMBASSY BELIEVES SUCH A SCHEDULE WOULD BE A BIT TIGHT BUT IS FEASIBLE. MAIN PROBLEM WOULD BE STORAGE CAPACITY AT MILLS, BUT WHEAT COULD BE STORED IN RAILROAD CARS IN A PINCH.

2. HOWEVER, GOB WILL RECEIVE TODAY APRIL 14 AT 16:30 HOURS BIDS ON A COMMERCIAL PURCHASE OF 30,000 MT AND MUST MAKE DECISION WITH 24 HOURS ON WHETHER TO ACCEPT BIDS. EMBASSY NOT AWARE WHETHER ANY U.S. FIRMS ARE BIDDING.

3. MINISTRY OF INDUSTRY AND COMMERCE ADVISE US THAT BECAUSE OF ITS OWN VERY TIGH BUDGET SITUATION IF USG PREPARED TO GRANT 80,000 TON CCC CREDIT ON THREE REPEAT THREE YEAR
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TERMS IT WOULD POSTPONE COMMERCIAL PURCHASE.

IF USG NOT PREPARED TO MAKE A DECISION ON THREE YEAR TERMS AT THIS TIME, GOB WOULD GO AHEAD WITH COMMERCIAL WHEAT PURCHASE AND WOULD THEN WISH TO IMPORT BETWEEN 50,000 AND 60,000 MT UNDER CC BEFORE AUGUST 31, IF THE TERMS ARE RIGHT, OR IMPORT THAT AMOUNT ON COMMERCIAL TERMS FROM THE LOWEST PRICE SELLER. EMBASSY BELIEVES THIS AMOUNT IS FEASIBLE.

4. GOB HAS PROMISED TO PROVIDE EMBASSY BID PRICES ON COMMERCIAL PURCHASE IMMEDIATELY AFTER OPENING AND WE WILL CONVEY THIS TO DEPARTMENT. OUR UNDERSTANDING IS THAT WHEAT PRICE FOB URUGUAY IS ABOUT \$156 PER METRIC TON AND ARGENTINE PRICE IS \$145 FOB PER METRIC TON. PAST BOLIVIAN PURCHASES INDICATE THAT ARGENTINA CAN OFFER A CIF PRICE ABOUT \$50 TO \$60 PER TON LOWER THAN US CIF PRICE BECAUSE OF TRANSPORTATION COST DIFFERENCES.

5. EMBASSY BELIEVES THAT ARGENTINA AND URUGUAY CIF PRICE ADVANTAGE WILL REQUIRE COMPENSATING FINANCIAL TERMS IF US FIRMS ARE TO OBTAIN THE MARKET, BUT WE CANNOT VERIFY THIS UNTIL BIDS ARE OPENED AT 16:30 HOURS. BOLIVIA ALSO HAS A TIGHT BALANCE OF PAYMENTS SITUATION WHICH WOULD JUSTIFY LONGER TERM IMPORT CREDITS.

6. ACTION REQUESTED. THAT USDA, TAKING INTO CONSIDERATION THE COMMERCIAL BID PRICES WHICH WE WILL ATTEMPT TO FORWARD AFTER 1630 HOURS, ADVISE EMBASSY NO LATER THAN 1200 HOURS APRIL 15, WHETHER IT HAS REACHED A DECISION ON QUANTITY AND TERMS IT PREPARED TO GRANT FOR DELIVERY THROUGH AUGUST 31, 1976. IF RESPONSE NOT RECEIVED BY THAT TIME, EMBASSY WILL ADVISE GOB OF NO DECISION AND WE ASSUME GOB WILL GRANT COMMERCIAL SALE TO LOWEST BIDDER.

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